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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

QUALITY FIRST MORTGAGE CORP.,
and JON M. NORTON, President, Owner and
Designated Broker,

Respondent.

NO. C-05-143-06-SC02

**AMENDED STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE, PROHIBIT
FROM INDUSTRY, AND COLLECT
INVESTIGATION FEE**

INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of January 31, 2006, the Director issued Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, Prohibit from Industry, and Collect Investigation Fee, No. C-05-143-06-SC01 (SC01) on February 6, 2006.

After the issuance of Statement of Charge SC01, the Director received information requiring the amendment of Statement of Charges SC01. Based upon the facts available as of March 31, 2006, the Director now amends Statement of Charges SC01 by issuing Amended Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, and Collection Investigation Fee, C-05-143-06-SC02, which includes the following modifications: removing Ladora L. Norton from the list of Respondents in paragraph 1.1C; and modifying the Notice of Intention to Enter Order (Section III) pursuant to the modifications to the Factual Allegations in Section I.

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Quality First Mortgage Corp. (Quality First)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on July 8, 1997 and has continued to be licensed to date. Respondent Quality First is licensed to conduct the business of a mortgage broker at the following two (2) locations:

(1) 18605 51st Avenue SE, Bothell, WA 98012, and

(2) 113 N. Second Street, La Conner, WA 98036.

B. **Jon M. Norton (J. Norton)** is the President, Owner, and Designated Broker of Respondent Quality First. Respondent J. Norton was named Designated Broker of Respondent Quality First on July 8, 1997 and has continued as Designated Broker to date.

1.2 Failure to Pay Annual Assessment. An annual assessment fee for each license is due to the Department no later than the last business day of April for the year then ended. Respondents failed to pay the annual assessment of \$530.86 for the year ended April 2005, which was due to the Department no later than the last business day of April 2005. As a result, the Department submitted a bond claim to Respondent Quality First's surety, Great American Insurance Company, for payment of the annual assessment. In addition, payment of the annual assessment of \$530.86 for the year ended April 2006 will be due to the Department no later than the last business day of April 2006.

1.3 Failure to Pay Branch Annual Assessment. An annual assessment fee for each branch office certificate is due to the Department no later than the last business day of April for the year then ended. Respondents failed to pay the branch annual assessment of \$530.86 for the year ended April 2005, which was due to the Department no later than the last business day of April 2005. As a result, the Department submitted a bond claim to Respondent Quality First's surety, Great American Insurance Company, for payment of the branch annual assessment. In addition, payment of the branch annual assessment of \$530.86 for the year ended April 2006 will be due to the Department no later than the last business day of April 2006.

1 **1.4 Failure to Maintain Bond.** On April 19, 2005, the Department received notice from Great American
2 Insurance Company that Respondent Quality First's surety bond would be cancelled, effective May 19, 2005.
3 To date, Respondents have failed to notify the Department of the cancellation of the surety bond, and have
4 failed to provide the required surety bond or an approved alternative.

5 **1.5 Failure to Submit Continuing Education Certificate.** A certificate of satisfactory completion of an
6 approved continuing education course by a licensee's Designated Broker is due to the Department no later than
7 the last business day of April 2005 of each year. To date, the Department has not received the required
8 certificates from Respondent Jon M. Norton for the year ended April 2005.

9 **1.6 Failure to Respond to Directive.** On April 19, 2005, the Department sent a directive to Respondent
10 Quality First's last known address via first class mail. This directive was not returned. In addition, on April 29,
11 2005, the Department served a directive on Respondents Quality First and Jon M. Norton by certified mail. The
12 Department received a return receipt delivery confirmation with what appears to be Jon. M. Norton's signature
13 on May 5, 2005. These directives required an original, signed and sealed replacement bond or reinstatement
14 certificate for the previous bond. To date, the Department has not received a response to these directives.

15 **1.7 Failure to Notify Department of Significant Developments.**

16 A. As stated in paragraph 1.4, to date, Respondents have not notified the Department of the
17 cancellation of Respondent Quality First's surety bond.

18 B. Respondent Quality First's corporate license, maintained with the State of Washington
19 Secretary of State, expired on February 28, 2005. To date, Respondents have not notified the Department of
20 this change in standing with the State of Washington Secretary of State.

21 **1.8 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
22 Respondents continues to date.
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II. GROUNDS FOR ENTRY OF ORDER

2.1 Requirement to Maintain Surety Bond. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to file and maintain a surety bond or approved alternative with the Department.

2.2 Requirement to Submit Certificate of Completion of Continuing Education. Based on the Factual Allegations set forth in Section I above, Respondent Norton is in apparent violation of RCW 19.146.215 and WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of satisfactory completion no later than the last business day of the month in which the anniversary date of the issuance of the licensee's license occurs.

2.3 Requirement to Pay Annual Assessments. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the month in which the anniversary date of the issuance of the mortgage broker's license occurs.

2.4 Requirement to Notify Department of Significant Developments. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e), WAC 208-660-150(2), and WAC 208-660-150(3)(b), (e) and (f) for failing to notify the Director in writing within thirty days after receipt of notification of cancellation of the licensee's surety bond, and failing to notify the Director in writing within five days after a change in standing with the state of Washington Secretary of State.

2.5 Authority to Revoke License. Pursuant to RCW 19.146.220(2)(b)(i), (ii), (iii) and (iv), and WAC 208-660-160, the Director may revoke a license for failure to pay a fee required by the Director or maintain the required bond, failure to comply with any directive or order of the Director, any violation of RCW 19.146.050, RCW 19.146.060(3), RCW 19.146.0201(1) through (9) or (12), RCW 19.146.205(4), or RCW 19.146.265.

2.6 Authority to Prohibit from the Industry. Pursuant to RCW 19.146.220(2)(e)(i), (ii), (iii) and (iv), the Director may issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed

1 mortgage broker or any person subject to licensing under the Act for any violation of RCW 19.146.205(4), or
2 failure to comply with a directive or order of the Director.

3 **2.7 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and
4 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person
5 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover
6 the cost of the investigation. The investigation charge will be calculated at the rate of forty-seven dollars and
7 seventy-eight cents (\$47.78) per hour that each staff person devoted to the investigation.

8 **III. NOTICE OF INTENTION TO ENTER ORDER**

9 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth
10 in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under
11 RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223. Therefore, it is the Director's intention to ORDER
12 that:

13 **3.1** Respondent Quality First Mortgage Corp.'s license to conduct the business of a mortgage broker be
14 revoked; and

15 **3.2** Respondent Jon M. Norton be prohibited from participation in the conduct of the affairs of any mortgage
16 broker subject to licensure by the Director, as a principal, officer, or designated broker, for a period of five
17 (5) years; and

18 **3.3** Respondents Quality First Mortgage Corp. and Jon M. Norton jointly and severally pay an investigation fee
19 in the amount of \$621.14 calculated at \$47.78 per hour for the thirteen (13) staff hours devoted to the
20 investigation; and


21 **3.4** Respondents maintain records in compliance with the Act and provide the Department with the location of
22 the books, records and other information relating to Respondent Quality First's mortgage broker business,
23 and the name, address and telephone number of the individual responsible for maintenance of such records
24 in compliance with the Act.

25 **IV. AUTHORITY AND PROCEDURE**

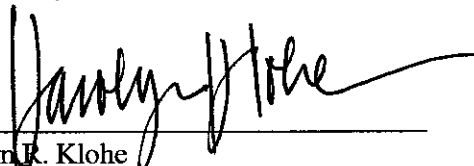
This Statement of Charges and Notice of Intention to Enter an Order to revoke license, impose fine, prohibit
from industry, and collection investigation fee (Statement of Charges) is entered pursuant to the provisions of
RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions
of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written request for a

1 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
2 HEARING accompanying this Statement of Charges.


3 Dated this 31st day of March, 2006.

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6 CHUCK CROSS
7 Director
8 Division of Consumer Services
9 Department of Financial Institutions

10 Presented by:

11 
12 Karolyn R. Klohe
13 Financial Legal Examiner

14 Approved by:

15 
16 JAMES R. BRUSSELBACK
17 Enforcement Chief

